



CARES Act Grants Management Policy

Policy Scope: Citywide
Version: 1.0
Effective Date: July 29, 2020

Policy Contact

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Policy History

NA

Policy Review

Review Cycle: 3 months
Next Scheduled Review Date: 10/2020
All policies are updated as needed and on a set review cycle.

I. Policy Statement

On April 21, 2020, the City received \$89.6 million in Coronavirus Relief Funds (CRF) from passage of the federal government's CARES Act. The deadline for expending CRF funds is December 30, 2020. The City of Sacramento (City) is committed to effective, efficient, and transparent management of CRF. Funds granted under this policy are intended to address the impacts of COVID-19 on the Sacramento community. These funds can only be used in accordance with the terms of an approved grant agreement.

II. Statutory Background

Fiscal Year 2019-20 Approved Budget Resolution 2020-0044 establishes a framework and fiscal signing authority by the City Manager.






III. Transparency

The City retains the right to publish data regarding a grantee(s) finances, performance metrics, and program evaluation. This includes but is not limited to, council reports, completed audits by the City Auditor, and shared publicly through the City's website.

IV. Records Management

The City Clerk maintains the current and historical record of all city contracts, including grant agreements. These records shall be maintained in the City's approved electronic records repository in accordance with the City's record retention schedule. Grantors are required to maintain all records associated with the granting process as specified in this Policy.

V. Charter Officer Review and Acknowledgement

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|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Howard Chan, City Manager |  Howard Chan (Jul 28, 2020 16:26 PDT) |
| Susana Alcala Wood, City Attorney |  Susana Alcala Wood (Jul 29, 2020 16:50 PDT) |
| Jorge Oseguera, City Auditor |  Jorge Oseguera (Jul 28, 2020 16:37 PDT) |
| Mindy Cuppy, City Clerk |  |
| John Colville, City Treasurer |  John Colville, City Treasurer (Jul 28, 2020 16:21 PDT) |

I. Procedure Statement

This procedure is intended to provide standardized guidance to City staff regarding the solicitation, award, and management of CARES Act grants.

II. Definitions

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| CARES Act | The Coronavirus Aid, Relief, and Economic Security Act enacted by Congress on March 27, 2020 |
| CRF | The City's allotment of the Coronavirus Relief Fund established under Section 5001 of the CARES Act (Catalog of Federal Domestic Assistance number 21.019) |
| Grantee | An individual, non-profit, business, or community-based organization, to whom a grant is awarded |
| Grantor | The grantor is the City, acting through staff in an assigned Department or Division |
| Subrecipient | A secondary receiver of a grant, as allowed by the terms of the grant agreement |

III. Grant Application Process

When awarding grants, staff is encouraged to conduct a competitive application process ("grant solicitation"); however, due to the exigent circumstances related to the public health emergency caused by COVID-19, grant solicitations are not *required*. When utilized, grant solicitation announcements shall be published for 10 days. No grant solicitation announcement is required to pass through CRF funds to another public agency to perform one of that agency's core governmental functions (*e.g.*, providing funds to Sacramento County for health and human services). Grant solicitations should include the following information:

- The title of the grant opportunity and grant identification number;
- The revenue source allocated to fund the grant;
- The purpose of the grant;
- A brief description of the grant, including, but not limited to, the mechanism used to announce the availability of funding;
- Eligibility requirements;
- Evaluation requirements;
- Geographic limitations if applicable;
- The grant performance period;
- The approximate date the grant will be issued;
- The deadline for grant proposals to be submitted;
- Directions for application submission including information to be provided in a proposal narrative, budget, and budget justification; and
- City Staff contact information, including directions for application submittal.

IV. Grant Recipient Selection Process

All CARES Act grants must meet the following minimum requirements:

1. The expenditures are necessary expenditures incurred due to the public health emergency caused by COVID-19;
2. The expenditures were not accounted for in the City's budget prior to March 27, 2020; and
3. All expenditures must be complete before December 30, 2020.

Each application received should be reviewed by a panel of reviewers to provide a comprehensive and fair assessment.

The panel shall verify that all grantees meet the Grant Recipient Eligibility Requirements set forth in Appendix A.

In addition, whenever feasible, a risk assessment of the grantee will be conducted prior to awarding funding. The risk assessment shall consider past performance issues, audit findings, the experience of personnel, debarment, convictions of fraud, theft, or embezzlement, as well as perceived or real conflicts of interest.

To evaluate the grant proposal, the City will examine various factors, such as:

- Does the proposal address the impacts of COVID-19? Will the grantee verify that subaward recipients were impacted by COVID-19?
- What is the potential direct/indirect public benefit to City residents?
- What is the potential impact on the population served and geography served?
- Does the proposal incorporate data/evidence to substantiate the need caused by COVID-19?
- What are the proposed activities and are they in alignment with the grant mission?
- Will the proposed activities be complete before December 30, 2020?
- As practicable, does the proposal incorporate evidence-based best practices?
- Does the proposal meet all criteria outlined in the CARES Act Guidance and FAQs available at: <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>?
- What are the proposed performance targets? Are they measurable and achievable?
- Does the entity have administrative internal controls and an agreed-upon amount to administer the grant (not to exceed 10% of the direct cost)?

No purchase order or sole source justification is required to support a grant agreement.

V. Awarding Grants

Once grant recipients are selected, staff must work with the City Attorney's Office to finalize a grant agreement. The details of each grant agreement may vary based on the program to be

funded. But to ensure the mission of the grant is completed and that the City's interests are protected, grant agreements should include the following terms:

- Start and end dates;
- Not-to-exceed award amount;
- Payment schedule;
- Description of the scope of grant-funded activities;
- A budget and budget justification;
- A limitation on indirect cost recovery to no more than 10% of direct costs (unless the grantee has negotiated a higher indirect cost rate with the federal government);
- Fiscal accountability provisions that require the grantee to track grant money as a standalone project, activity code, or assigned project to prevent the commingling of other expenses not related to the grant;
- Provisions for the monitoring and evaluation of the grantee's work;
- Requirement for records to be retained for a minimum of 5 years;
- Indemnity/Hold Harmless provision;
- Nondiscrimination requirements;
- Termination provision;
- Conflict of Interest prohibition;
- Governing Law election; and
- Any other provisions required by the City Attorney's Office.

In addition, in accordance with generally accepted accounting practices, a grantee shall maintain records of all matters related to the grant agreement including:

- General ledger and subsidiary ledgers used to account for the receipt of CRF funds and the disbursements from CRF funds to meet eligible expenses related to the public health emergency due to COVID-19;
- Budget records for 2019 and 2020;
- Payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19;
- Receipts of purchases made related to addressing the public health emergency due to COVID-19;
- Contracts and subcontracts entered into using CRF funds and all documents related to such contracts;
- Grant subaward agreements entered into using CRF funds and all documents related to such awards;
- All documentation of reports, audits, and other monitoring of contractors, subcontractors, the grantee, and subrecipients;
- All documentation supporting the performance outcomes of contracts, subcontracts, grant subaward agreements, and this agreement;
- All internal and external email/electronic communications related to use of CRF funds;
- All investigative files and inquiry reports involving CRF payments; and

- All other pertinent records sufficient to reflect all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred in performance of the grant agreement, and all other matters covered by the grant agreement.

Signing Authority

The City shall adhere to the current Signing Authority policy in place at the time a grant is awarded unless additional signing authority has been delegated to by the City Council.

VI. Post Grant Award Management

To properly manage a grant post-award, the grantor should do the following:

- Maintain documentation of project or budget modification requests, approvals, and denials;
- Collect and evaluate data on programmatic activities to measure grantee progress toward stated goals and objectives;
- Collect supporting documentation on financial activities to corroborate grant expenditures, such as timesheets, payroll summaries, and itemized receipts;
- Reconcile financials regularly, but at a minimum, at the end of each Fiscal Year and within 90 days of the end of the grant term;
- Confirm that any subaward agreements entered into by the grantee impose all grant agreement obligations on any subgrantee or subcontractor;
- Adhere to applicable records retention requirements;
- Submit financial and programmatic reports to outside funding agencies, if applicable (e.g., state and federal agencies); and
- Conduct other necessary monitoring activities to ensure grantee compliance.

If all grant funds are not expended prior to the end of the grant agreement, any excess funds held by the grantee must be returned to the City within 10 days of a demand from the City.

Right to Audit

The City and the United States Department of the Treasury's Office of the Inspector General ("OIG") retain the right to review all records and request an independent audit of the grantee's financial records at all times during and up to five years after the final payment is made and the grant is complete. If an audit is conducted, the grantee must provide access to personnel, personnel documents, facilities, financial documents, and any other pertinent documents as part of the audit process.

If it is determined that a grantee expended funds in a manner inconsistent with this policy or the terms of the grant award, the grantee shall return the funds to the City within 60 days of a demand from the City, unless an alternative repayment plan is agreed to.

APPENDIX A – Grant Recipient Eligibility Requirements

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| California Secretary of State Registration |
| A non-profit organization grantee and/or their fiscal sponsor must register and maintain active status with the Office of the California Secretary of State, Business Entities Section. |
| Business Operation Tax Certificate/ Waiver Letter |
| All businesses that operate in or do business with the City of Sacramento must obtain a Business Operation Tax Certificate to be eligible to receive grant funding. For non-profit organizations, the City will issue a waiver letter in lieu of a Business Operation Tax Certificate. |
| Valid Tax Forms |
| All grantees must submit a W-9 tax form and either a CA-590 tax form, for in-state grantees and non-profit organizations, or CA-587, for out-of-state grantees to be eligible to receive payment issued by the City Accounting Division. |
| Insurance |
| The City may require insurance depending on the scope of the grant. If insurance is required, the City will not execute the grant agreement or disperse funds until both the certificate of insurance and endorsements have been received. |
| Charitable Trust Registration |
| A nonprofit organization grantee must register and be in good standing with the California Attorney General: Registry of Charitable Trusts. |
| General Services Administration Registration (federal funds only) |
| <p>The City receives federal funds to pass through to subrecipients. Federal regulations prohibit the award of federal grant funds to applicants that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. To that end, grant staff must confirm applicants' participation eligibility if the grant includes federal funds by:</p> <ul style="list-style-type: none"> • Obtaining the applicant's Data Universal Number System (DUNS), if any. • Checking the System for Award Management (www.sam.gov). • Ensuring the entity is in good standing with the Internal Revenue Service (i.e. a valid 501(c)(3)). |